
SENATE BILL 6318

State of Washington 60th Legislature 2008 Regular Session

By Senators Berkey and Shin; by request of Insurance Commissioner

Read first time 01/15/08. Referred to Committee on Financial
Institutions & Insurance.

1 AN ACT Relating to reporting insurance premiums for tax purposes;
2 and amending RCW 48.14.020 and 48.14.090.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.14.020 and 1986 c 296 s 1 are each amended to read
5 as follows:

6 (1) Subject to other provisions of this chapter, each authorized
7 insurer except title insurers shall on or before the first day of March
8 of each year pay to the state treasurer through the commissioner's
9 office a tax on premiums. Except as provided in subsection (2) of this
10 section, such tax shall be in the amount of two percent of all
11 premiums, excluding amounts returned to or the amount of reductions in
12 premiums allowed to holders of industrial life policies for payment of
13 premiums directly to an office of the insurer, collected or received by
14 the insurer under RCW 48.14.090 during the preceding calendar year
15 other than ocean marine and foreign trade insurances, after deducting
16 premiums paid to policyholders as returned premiums, upon risks or
17 property resident, situated, or to be performed in this state. For tax
18 purposes, the reporting of premiums shall be on a written basis or on
19 a paid-for basis consistent with the basis required by the annual

1 statement. For the purposes of this section the consideration received
2 by an insurer for the granting of an annuity shall not be deemed to be
3 a premium.

4 (2) In the case of insurers which require the payment by their
5 policyholders at the inception of their policies of the entire premium
6 thereon in the form of premiums or premium deposits which are the same
7 in amount, based on the character of the risks, regardless of the
8 length of term for which such policies are written, such tax shall be
9 in the amount of two percent of the gross amount of such premiums and
10 premium deposits upon policies on risks resident, located, or to be
11 performed in this state, in force as of the thirty-first day of
12 December next preceding, less the unused or unabsorbed portion of such
13 premiums and premium deposits computed at the average rate thereof
14 actually paid or credited to policyholders or applied in part payment
15 of any renewal premiums or premium deposits on one-year policies
16 expiring during such year.

17 (3) Each authorized insurer shall with respect to all ocean marine
18 and foreign trade insurance contracts written within this state during
19 the preceding calendar year, on or before the first day of March of
20 each year pay to the state treasurer through the commissioner's office
21 a tax of ninety-five one-hundredths of one percent on its gross
22 underwriting profit. Such gross underwriting profit shall be
23 ascertained by deducting from the net premiums (i.e., gross premiums
24 less all return premiums and premiums for reinsurance) on such ocean
25 marine and foreign trade insurance contracts the net losses paid (i.e.,
26 gross losses paid less salvage and recoveries on reinsurance ceded)
27 during such calendar year under such contracts. In the case of
28 insurers issuing participating contracts, such gross underwriting
29 profit shall not include, for computation of the tax prescribed by this
30 subsection, the amounts refunded, or paid as participation dividends,
31 by such insurers to the holders of such contracts.

32 (4) The state does hereby preempt the field of imposing excise or
33 privilege taxes upon insurers or their agents, other than title
34 insurers, and no county, city, town or other municipal subdivision
35 shall have the right to impose any such taxes upon such insurers or
36 their agents.

37 (5) If an authorized insurer collects or receives any such premiums
38 on account of policies in force in this state which were originally

1 issued by another insurer and which other insurer is not authorized to
2 transact insurance in this state on its own account, such collecting
3 insurer shall be liable for and shall pay the tax on such premiums.

4 **Sec. 2.** RCW 48.14.090 and 1963 c 195 s 14 are each amended to read
5 as follows:

6 In determining the amount of direct premium taxable in this state,
7 all such premiums written, procured, or received in this state shall be
8 deemed written upon risks or property resident, situated, or to be
9 performed in this state except such premiums as are properly allocated
10 or apportioned and reported as taxable premiums of any other state or
11 states. For tax purposes, the reporting of premiums shall be on a
12 written basis or on a paid-for basis consistent with the basis required
13 by the annual statement.

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